

United States House of Representatives  
Committee on Financial Services  
Washington, D.C. 20515

September 29, 2004

The Honorable C.W. Bill Young  
Chairman  
Committee on Appropriations  
U.S. House of Representatives  
H-218 Capitol  
Washington, DC 20515

The Honorable David R. Obey  
Ranking Member  
Committee on Appropriations  
U.S. House of Representatives  
1016 Longworth  
Washington, DC 20515

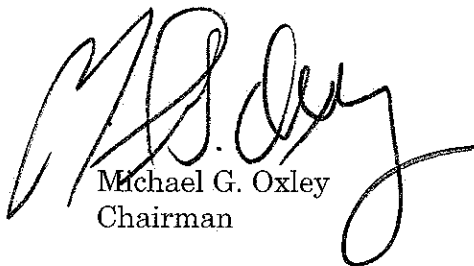
Dear Chairman Young and Ranking Member Obey:

As the Chairmen and Ranking Members of the authorizing Committee and Subcommittee with oversight over the Office of Federal Housing Enterprise Oversight (OFHEO), we would like to thank you for including the Administration's proposed Fiscal Year (FY) budget amount of \$59.2 million for OFHEO in your Subcommittee's FY 05 appropriation bill this year. As you are aware OFHEO is engaged in a comprehensive examination of the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac that has already revealed significant irregularities at these institutions. In order to ensure the safety and soundness of your secondary mortgage market, it is imperative that this examination continue.

Yesterday it was announced that the Continuing Resolution would maintain the funding for OFHEO to the FY 2004 levels of \$39.9 million. Unfortunately this funding level would severely constrain OFHEO's ability to continue the special accounting examination of Fannie Mae and the ongoing litigation involving former Freddie Mac officials. We would strongly encourage the Appropriations Committee to approve a Continuing Resolution that funds OFHEO at the FY 2005 level of \$59.2 million previously approved by your Committee.

As you know, OFHEO's budget is paid by assessments levied on the Enterprises, and thus represents no cost to the taxpayer. We support the Administration's proposed budget and ask for your support to include that funding level in the Continuing resolution under your Committee's consideration.

Sincerely,



Michael G. Oxley  
Chairman




Barney Frank  
Ranking Member

The Honorable C. W. Bill Young  
The Honorable David R. Obey  
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A handwritten signature in black ink, appearing to read "RHBaker".

Richard H. Baker  
Chairman  
Subcommittee on Capital Markets,  
Insurance, and Government  
Sponsored Enterprises

A handwritten signature in black ink, appearing to read "Paul E. Kanjorski".

Paul E. Kanjorski  
Ranking Member  
Subcommittee on Capital Markets,  
Insurance, and Government  
Sponsored Enterprises